

DEPARTMENT OF WATER RESOURCES

1416 NINTH STREET, P.O. BOX 942836
SACRAMENTO, CA 94236-0001
(916) 653-5791



**Report to the Legislature
Assembly Bill 1X, Chapter 4, Statutes of 2001
Activities and Expenditures for Quarter Ended June 30, 2012**

Assembly Bill 1X (Chapter 4, Statutes of 2001), among other things, established Division 27, (commencing with Section 80000) of the California Water Code, authorized the Department of Water Resources (DWR) to enter into long-term contracts with power generators, created the Power Supply Revenue Bond program and required DWR to make quarterly and annual reports to the Governor and the Legislature regarding California Energy Resources Scheduling Division's (CERS) activities.

CERS purchases power under the terms of its existing contracts, all of which were entered into prior to January 1, 2003. The scheduling, dispatch and certain other administrative functions for the existing contracts are managed by the investor owned utilities. CERS continues to have financial and legal responsibility for its contract portfolio and oversees repayment of the outstanding revenue bonds.

As required by Assembly Bill 1X, this report provides historical information with respect to cash receipts, disbursements, bonds outstanding and cash balances for the quarter ended June 30, 2012. There are no unexpected trends, and cash balances at the end of this quarter met or exceeded amounts required by the Trust Indenture for the Power Supply Revenue Bonds. The report also compares CERS' 2012 fiscal year appropriated costs to budget for the fiscal year ending June 30, 2012, and demonstrates that CERS' expenditures are within budget.

This report is available on the DWR website at: <http://www.cers.water.ca.gov>.

California Energy Resources Scheduling

**A Division of
California Department of Water Resources**

**Activities and Expenditures Report
Quarter Ended June 30, 2012**

(Provides Data as Required by Section 80250 of the California Water Code)



Activities and Expenditures Report

For The Quarter Ended June 30, 2012

<u>Topic</u>	<u>Page</u>
Preface	3
Cash Balances at the End of Quarter	4
Revenues from Ratepayers of IOUs	5
Actual Energy Expenditures	6
Power Revenue Bonds	7
Appropriated Costs - Fiscal Year 2012	8
Appropriated Costs by Quarter	9

Activities and Expenditures Report

Preface

Pursuant to the reporting requirement in Section 80250 of the California Water Code, the following information reflects energy acquisition activities and expenditures incurred by the California Energy Resources Scheduling Division (CERS) of the Department of Water Resources (DWR) for the quarter ended June 30, 2012. Included are all costs related to energy acquisition and administration.

CERS purchases power under the terms of its existing contracts, all of which were entered into prior to January 1, 2003. The scheduling, dispatch and certain other administrative functions for the existing contracts are managed by the investor owned utilities. CERS continues to have financial and legal responsibility for its contract portfolio and will oversee repayment of the revenue bonds.

The audited financial statements for the years ended June 30, 2011 and 2010, and the un-audited financial statements through the quarter ended March 31, 2012, prepared in accordance with generally accepted accounting principles, can be referenced at the following link: http://www.cers.water.ca.gov/financial_bonds.cfm

This report is available on the DWR website at www.cers.water.ca.gov.

Cash Balances

June 30, 2012

(in \$millions)

Power Accounts

Operating and Priority Contract Accounts	399
Operating Reserve Account	267
Total Power Account Balances	<u>666</u>

Bond Accounts

Bond Charge Collection Account	199
Bond Charge Payment Account	382
Debt Service Reserve Account	919
Total Bond Account Balances	<u>1,500</u>

Note: All cash balances met the requirements of the Bond Indenture at quarter end and for each day during the quarter.

Revenues from IOU Ratepayers

Quarter Ended June 30, 2012

(in \$millions)

	Pacific Gas & Electric	San Diego Gas & Electric	Southern California Edison	Total
<u>Power Charges</u>				
Quarter Ended June 30, 2012	31	30	1	62
<u>Bond Charges</u>				
Quarter Ended June 30, 2012	89	21	91	201

DWR Contract Expenditures for the Benefit of Ratepayers

Quarter Ended June 30, 2012 (in millions)

<u>Utility</u>	<u>Power Costs*</u> <u>(\$)</u>	<u>MWh</u>	<u>Gas Costs</u> <u>(\$)</u>	<u>MMBtu</u>
Pacific Gas & Electric	20	0.44	1	0.25
Southern California Edison	0	-	0	-
San Diego Gas & Electric	12	0.74	16	4.86
Total	32	1.18	17	5.11

*Contract expenditures do not include the net costs of prior period refunds and adjustments or settlement revenues.

Power Revenue Bonds

June 30, 2012

(in \$millions)

Series	Initial Principal Amount	June 30, 2012	
		Outstanding Principal Amount	Interest Rate Mode
Initial Issues			
Series 2002A	6,314		
Series 2002B	1,000		
Series 2002C	2,750		
Series 2002D	500		
Series 2002E (Taxable)	700		
Total	11,264		
Refunding Issues			
Series 2005F	759	348	Fixed
Series 2005G	1,835	173	Fixed
Series 2008H	1,007	1,006	Fixed
Series 2008I	150		
Series 2008J	130		
Series 2008K	279	279	Fixed
Series 2010L	2,919	2,708	Fixed
Series 2010M	1,684	1,653	Fixed
Series 2010N	960	960	Fixed
Total	9,723		
Total Bonds Outstanding		7,127	

Appropriated Costs

Fiscal Year Ending June 30, 2012

(in \$millions)

	Annual Budget for Fiscal Year Ended June 30, 2012	Actual Expenditures through June 30, 2012
Salaries, Benefits and Distributed Administrative Costs	6.2	5.9
Consulting Companies and Personal Service Consultants	8.8	1.1
Other Operating Expenses and Equipment	3.5	0.6
Subtotal	18.5	7.6
Allocation of State Wide Pro-Rata Costs	9.9	9.9
TOTAL ADMINISTRATIVE COSTS	28.4	17.5

Appropriated Costs By Quarter

Fiscal Year Ending June 30, 2012

(in \$millions)

	Actual Expenditures through			
	<u>September 30, 2011</u>	<u>December 31, 2011</u>	<u>March 31, 2012</u>	<u>June 30, 2012</u>
Salaries, Benefits and Distributed Administrative Costs	1.4	3.0	4.5	5.9
Consulting Companies and Personal Service Consultants	0.1	0.9	1.0	1.1
Other Operating Expenses and Equipment	0.1	0.2	0.4	0.6
Subtotal	<u>1.7</u>	<u>4.1</u>	<u>5.9</u>	<u>7.6</u>
Allocation of State Wide Pro-Rata Costs	2.5	5.0	7.5	9.9
TOTAL ADMINISTRATIVE COSTS	<u><u>4.2</u></u>	<u><u>9.1</u></u>	<u><u>13.4</u></u>	<u><u>17.5</u></u>

Total administrative costs shown in this report should only include annually appropriated costs. In previous reports for the quarters ending September 30, 2011, December 31, 2011 and March 31, 2012 continuing appropriated costs were also included. The table above shows the correct amounts of annually appropriated costs for each quarter of the Fiscal Year ending June 30, 2012.